



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**October 29, 2001**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Flagship National Bank  
Charter Number 23764**

**6004 26th Street West  
Bradenton, FL 34207**

**Comptroller of the Currency  
North Florida Field Office  
8375 Dix Ellis Trail, Suite 403  
Jacksonville, FL 32256**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## INSTITUTION'S CRA RATING

**This institution is rated Satisfactory.**

- Flagship National Bank maintains a good loan-to-deposit ratio.
- The majority of the bank's loans are originated within its assessment area.
- The distribution of loans to borrowers of different incomes and to businesses of different sizes is reasonable given the demographics of the area.
- The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area.

## DESCRIPTION OF INSTITUTION

Flagship National Bank (FNB) is located in Bradenton, Manatee County, Florida. The bank began operation in May 1999 and has three offices. As of June 30, 2001, FNB had total assets of \$54 million and net loans of \$35.6 million resulting in a net loans/total asset level of 65.8%. The bank's primary lending products are business loans, which represent 43% of total outstanding loan balances; and residential real estate mortgages, which represent 40% of total outstanding loan balances. There are currently no financial, legal, or other impediments to the bank's ability to meet community credit needs. The evaluation period covers the time period from which the bank opened for business (May 18, 1999) through October 2001. This is FNB's first CRA evaluation.

## DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of 46 census tracts that encompass the cities of Bradenton and Sarasota. Bradenton is located in the southern half of Manatee County. Sarasota is located in the northern part of Sarasota County. The census tracts comprise a portion of the Sarasota-Bradenton Metropolitan Statistical Area (MSA #7510). Based on the 1990 U.S. Census Bureau median family income of \$33,128 for the MSA, the census tracts (CT's) in the assessment area are designated as follows:

Low Income	1	2%
Moderate Income	10	22%
Middle Income	24	52%
Upper Income	11	24%
<b>Total CT's</b>	<b>46</b>	

It should be noted that there is only one low-income census tract in the entire MSA. The

assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The assessment area is justified by the size of the bank and the location of offices. Furthermore, banking competition is strong in the MSA with approximately 40 financial institutions operating more than 240 offices. It would be unreasonable to expect a bank of FNB's size to serve the entire geographic area of the Bradenton-Sarasota MSA.

The assessment area has a total population of 283,631 based on 1990 U.S. Census Bureau data. Based on family income levels, 16% are low-income, 20% are moderate-income, 24% are middle-income and 40% are high-income. The area has a large retirement population. Approximately 26% of the population are more than 65 years of age. Forty-two percent (42%) of all households receive Social Security and 24% also receive retirement income. Eighty-two percent (82%) of all housing units are occupied, while 57% are owner-occupied. Data from the Department of Housing and Urban Development (HUD) estimates the 2001 median family income for the MSA to be \$50,500. The local economy is largely supported by tourism, retail trade and services. Major private employers include Tropicana North America, Sarasota Memorial Hospital and Publix Supermarkets. Federal regulators did interviews with local organizations to identify credit needs within the community. Primary needs included start-up loans for small businesses and home-improvement loans in low- or moderate-income neighborhoods.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### ■ **Loan-to-Deposit Ratio - Meets the Standard for Satisfactory Performance**

*FNB's loan-to-deposit (LTD) ratio is good.* The bank's quarterly average LTD ratio from June 1999 through June 2001 is 57%. For comparison, we analyzed LTD ratios for banks headquartered in Sarasota and Manatee counties that began operation within the last two years. There were seven institutions that met this criterion. Their LTD ratios ranged between 30% and 90% for the same time period, and averaged 61%. It should also be noted that, on a quarterly basis, FNB's LTD ratio has steadily increased. At June 2001, the bank's LTD ratio is 74%, compared to the local peer's average ratio of 74% and the national peer average of 76% for similar-sized banks.

### ■ **Lending in Assessment Area - Exceeds the Standard for Satisfactory Performance**

*The bank makes a substantial majority of its loans within the assessment area.* This conclusion is based on an analysis of business loans and residential mortgage-related loans originated during the last 12 months. This totaled 53 mortgage loans for \$11,130,998 and 66 business loans for \$15,329,221. Bank personnel maintained census tract data for all loans originated. We sampled loans within the product categories and verified the data for accuracy. The results of our analysis are as follows:

Loan Product	Total Number Originated in Assessment Area	Total Dollar Volume Originated in Assessment Area
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<b>Loan Product</b>	<b>Total Number Originated in Assessment Area</b>	<b>Total Dollar Volume Originated in Assessment Area</b>
Residential Mortgages	89%	86%
Business Loans	77%	80%

■ **Lending to Borrowers of Different Incomes and Businesses of Different Sizes - Meets the Standard for Satisfactory Performance**

*The bank's record of lending to borrowers of different incomes is satisfactory given the demographics of the community.* This analysis used the aforementioned residential mortgage loans originated within the assessment area. Income information was not consistently maintained by the bank for mortgage loan originations. Therefore, we sampled 21 loans and compared the income distribution of the bank's borrowers to the income distribution of families within the assessment area, based on the 2001 median family income. The analysis is summarized, by the total *number* of loans, in the chart below:

<b>Income Category</b>	<b>Residential Mortgages</b>	<b>Families within the Assessment Area</b>
Low-Income	10%	16%
Moderate-Income	14%	20%
Middle-Income	24%	25%
Upper-Income	52%	39%

*The bank has a satisfactory record of lending to businesses of different sizes.* Using the same business loans originated within the assessment area discussed in the previous performance criteria, we determined that the bank makes loans to businesses of varying sizes, but primarily to small businesses. We sampled 20 business loans and noted the revenues generated. The analysis showed 85% of the total number of loans and 93% of the total dollar volume of loans made were to small businesses (those with total revenues less than \$1 million). In comparison, 91% of all businesses operating within the assessment area are considered small businesses.

■ **Geographic Distribution of Loans - Meets the Standard for Satisfactory Performance**

*The geographic distribution of loans reflects a satisfactory penetration of geographies within the assessment area.* For this analysis we used the sample of residential mortgages made in the assessment area. We compared the geographic distribution of the loans to the level of owner-occupied housing within each geographic area. The level of owner-occupied housing is an indicator of the opportunities available for residential mortgage financing. The lower the level, the fewer

opportunities available for home improvements, refinances or other mortgage loans. This factor is also evaluated in the context of the bank’s tenure, size and the level of competition in the area. The results are summarized in the table below.

<i>Census Tract Designation</i>	<i>FNB Residential Mortgages</i>		<i>% of Owner-Occupied Housing</i>
	<i>Total Number</i>	<i>Total Dollar Volume</i>	
<b><i>Low Income</i></b>	<i>0.0%</i>	<i>0.0%</i>	<i>1.1%</i>
<b><i>Moderate Income</i></b>	<i>12.8%</i>	<i>6.2%</i>	<i>23.9%</i>
<b><i>Middle Income</i></b>	<i>40.4%</i>	<i>34.1%</i>	<i>47.2%</i>
<b><i>Upper Income</i></b>	<i>46.8%</i>	<i>59.7%</i>	<i>27.8%</i>

Next, we analyzed the geographic distribution of our sample of business loans. Twenty-two percent (22%) of the business loans sampled were made to businesses located in moderate-income areas, 35% in middle-income areas and the remainder (43%) in upper-income areas. Economic data shows that 25% of *all* businesses in the assessment area are located in moderate-income areas, 47% are in middle-income areas and 27% are in upper-income areas.

■ **Response to Complaints - Not Applicable**

We reviewed complaint records maintained by our agency and those maintained by the bank. There were no complaints made relative to the Community Reinvestment Act during this evaluation period.

**COMPLIANCE WITH ANTIDISCRIMINATION LAWS**

An analysis of 2000-2001 public comments and consumer complaints was performed according to the OCC's risk-based fair lending approach. Based on analysis of the information, the OCC decided that a comprehensive fair lending examination did not need to be conducted in connection with the CRA evaluation this year.